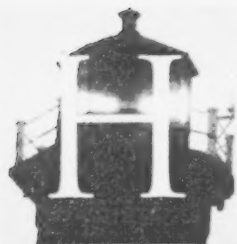


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Housing Starts Rise

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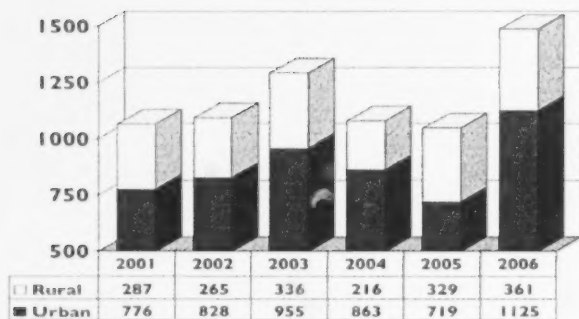
Total housing starts in the first quarter increased 42 per cent when compared to the same period in 2005. The majority of the rise in starts was due to the 81 per cent increase in activity in Nova Scotia and 36 per cent increase in New Brunswick.

This is predominantly due to the 100 plus per cent increase in Halifax and close to 100 per cent increase in Moncton. Rural starts were up 10 per cent in the first quarter in Atlantic Canada when compared to the same period in 2005 driven upward by increased activity in rural Nova Scotia and Newfoundland and Labrador.

Other urban centres activity was also up significantly in the first quarter including Charlottetown, (88 per cent), Kentville (over 100 per cent), and Fredericton (over 100 per cent). Most of the declines were limited to a few centres including Truro (-30 per cent), Cape Breton (-24 per cent) and St John's (-14 per cent).

Completions were down 6 per cent in the first quarter with the level of units under construction rising 22 per cent.

**All Area Housing Starts
Atlantic Canada
1st Quarter**



Source: CMHC

Atlantic Canada

Date Released: Second Quarter 2006

In This Issue

- 1 Housing Starts Rise Stronger Results in Atlantic Canada
- 2 MLS® Sales Continued to Grow in February
- 2 Economic Factors are Influencing the Housing Sector

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- 1 All Area Starts
Atlantic Canada - 1st Quarter
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- 5 Key Provincial Economic Indicators
- 5 Other Financial and Economic Indicators

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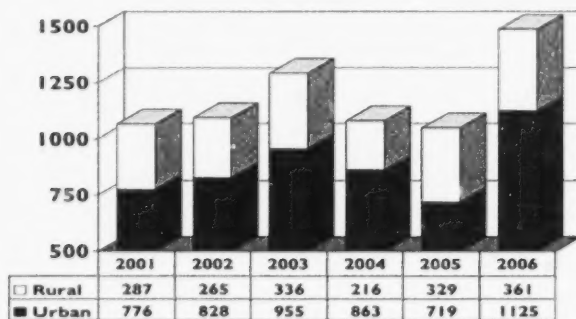
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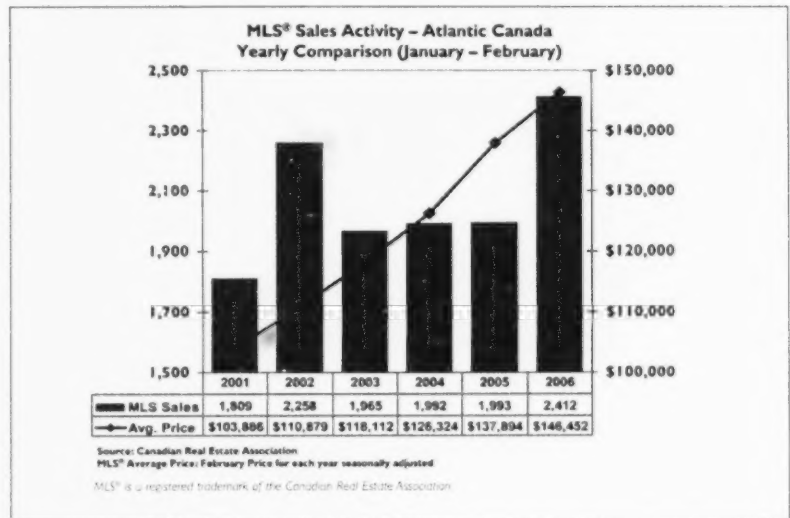
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MLS® Sales Continued to Grow in February

MLS® sales were up 15 per cent in February compared to a year ago. The trend of positive (double digit) monthly year over year sales growth has been sustained since May 2005.

Price growth continues to be strong. The average price is up 6 per cent overall in Atlantic Canada for February 2006 as compared to February 2005 with provincial prices up 27 per cent in Prince Edward Island and 12 per cent in New Brunswick. The number of listings rose 24 per cent, in Atlantic Canada, for the combined period (January-February 2006). It is expected that the continued growth in listings will eventually dampen the pace of price growth.



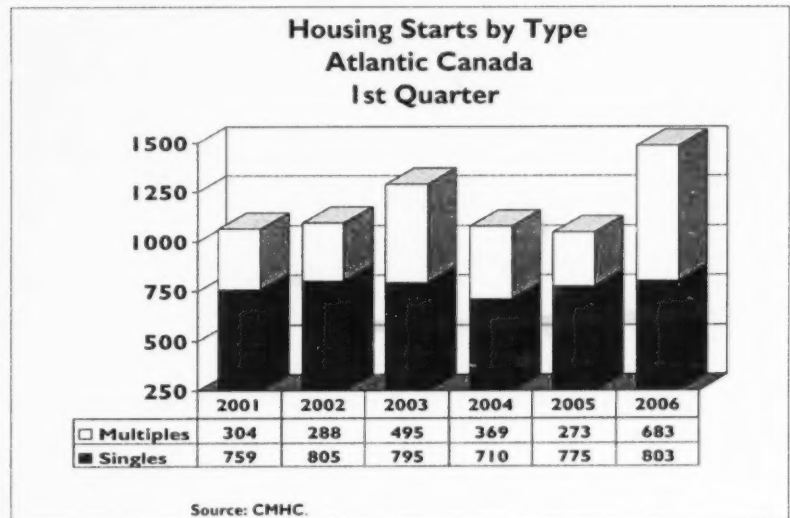
Economic Factors are Influencing the Housing Sector

For March the labour force increased 0.5 per cent. There was also a 0.6 per cent gain in total employment in Atlantic Canada. As a result the unemployment rate fell to 10.2 per cent in 2006 from 10.5 per cent in 2005.

Strength in the housing market has been previously bolstered by continued low interest rates and strong consumer confidence. With another 7,000 jobs estimated to have been created during the first quarter, mortgage rates rising marginally during the quarter and consumer confidence stable, it is evident that these factors continued to remain positive for the housing sector. Consumers also continued to spend, with retail sales rising eight per cent in January although sales activity is also being impacted by the use of gift cards by consumers.

Growth in the Housing Sector in Atlantic Canada during the first quarter was also supported by significantly better weather conditions contributing to the much stronger level of activity for both singles as well as multiples.

Although interest rates for a five year mortgage increased less than a quarter point, from 6.25% to 6.45%, during the first quarter of 2006 and rates remain low in historic terms the housing sector is being impacted by higher prices as a



result of increases in material prices and labour as well as land costs. As a result the first time home buyer will continue to be challenged as prices for both new and existing homes will continue to increase four to seven per cent in 2006.

As a result it is anticipated that the rebound in the first quarter is not going to carry over into the second quarter of 2006 as other economic

factors will also soften the level of activity. This includes weaker population growth, as a result of the rise in out-migration from Atlantic Canada to Western Canada, the continuing high Canadian dollar and higher energy costs.

Table 1
Activity Summary By Area
Atlantic

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	1st Quarter			January-March			1st Quarter			January-March			As at March 31		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Total Urban Areas	1125	719	56%	1125	719	56%	1460	1595	-8%	1460	1595	-8%	4136	3345	24%
Total Rural Areas	361	329	10%	361	329	10%	1200	1220	-2%	1200	1220	-2%	800	717	12%
Total Atlantic	1486	1048	42%	1486	1048	42%	2660	2815	-6%	2660	2815	-6%	4936	4062	22%

Source: CMHC

Table 2
Activity Summary By Area
Prince Edward Island

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	1st Quarter			January-March			1st Quarter			January-March			As at March 31		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Charlottetown CA	113	60	88%	113	60	88%	66	156	-58%	66	156	-58%	187	91	##
Summerside CA	8	34	-76%	8	34	-76%	12	5	##	12	5	##	27	43	-37%
Total Urban Areas	121	94	29%	121	94	29%	78	161	-52%	78	161	-52%	214	134	60%
Total Rural Areas	22	39	-44%	22	39	-44%	66	66	0%	66	66	0%	40	44	-9%
Total PEI	143	133	8%	143	133	8%	144	227	-37%	144	227	-37%	254	178	43%

Source: CMHC

##: Year-over-year change greater than 100 per cent

Table 3
Activity Summary By Area
Nova Scotia

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	1st Quarter			January-March			1st Quarter			January-March			As at March 31		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Halifax CMA	489	213	##	489	213	##	442	360	23%	442	360	23%	1885	1489	27%
Cape Breton CA	26	34	-24%	26	34	-24%	17	23	-26%	17	23	-26%	67	56	20%
Kentville CA	23	2	##	23	2	##	32	7	##	32	7	##	53	27	96%
New Glasgow CA	13	6	##	13	6	##	25	25	0%	25	25	0%	36	25	44%
Truro CA	26	37	-30%	26	37	-30%	34	96	-65%	34	96	-65%	150	101	49%
Total Urban Areas	577	292	98%	577	292	98%	550	511	8%	550	511	8%	2191	1698	29%
Total Rural Areas	200	138	45%	200	138	45%	500	521	-4%	500	521	-4%	438	352	24%
Total N.S.	777	430	81%	777	430	81%	1050	1032	2%	1050	1032	2%	2629	2050	28%

Source: CMHC

##: Year-over-year change greater than 100 per cent

Table 4
Activity Summary By Area
Newfoundland and Labrador

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	1st Quarter			January-March			1st Quarter			January-March			As at March 31		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
St. John's CMA	161	187	-14%	161	187	-14%	297	352	-16%	297	352	-16%	789	900	-12%
Corner Brook CA	0	0	0%	0	0	0%	14	20	-30%	14	20	-30%	30	29	3%
Gander CA	0	0	0%	0	0	0%	15	18	-17%	15	18	-17%	9	9	-11%
Grand Falls-Windsor CA	0	0	0%	0	0	0%	8	12	-33%	8	12	-33%	11	32	-66%
Labrador CA	0	0	0%	0	0	0%	0	0	0%	0	0	0%	0	0	0%
Total Urban Areas	161	187	-14%	161	187	-14%	334	402	-17%	334	402	-17%	838	970	-14%
Total Rural Areas	42	31	35%	42	31	35%	306	264	16%	306	264	16%	151	140	8%
Total N.L.	203	218	-7%	203	218	-7%	640	666	-4%	640	666	-4%	989	1110	-11%

Source: CMHC

Year-over-year change greater than 100 per cent

Table 5
Activity Summary By Area
New Brunswick

Area	TOTAL HOUSING STARTS						COMPLETIONS						UNDER CONSTRUCTION		
	1st Quarter			January-March			1st Quarter			January-March			As at March 31		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Bathurst CA	1	0	0%	1	0	0%	10	12	-17%	10	12	-17%	8	7	14%
Campbellton CA	1	0	0%	1	0	0%	11	2	###	11	2	###	7	2	###
Edmundston CA	5	0	0%	5	0	0%	3	8	-63%	3	8	-63%	11	7	57%
Fredericton CA	78	38	###	78	38	###	96	204	-53%	96	204	-53%	304	116	###
Miramichi CA	15	0	0%	15	0	0%	6	11	-45%	6	11	-45%	24	5	###
Moncton CA	115	58	98%	115	58	98%	295	186	59%	295	186	59%	397	239	66%
Saint John CA	51	50	2%	51	50	2%	77	98	-21%	77	98	-21%	142	167	-15%
Total Urban Areas	266	146	82%	266	146	82%	498	521	-4%	498	521	-4%	893	543	64%
Total Rural Areas	97	121	-20%	97	121	-20%	328	369	-11%	328	369	-11%	171	181	-6%
Total N.B.	363	267	36%	363	267	36%	826	890	-7%	826	890	-7%	1064	724	47%

Source: CMHC

Year-over-year change greater than 100 per cent

Table 6
MLS® Sales Activity
Atlantic Summary

Area	UNIT SALES (Number of Units)						LISTINGS						AVERAGE PRICE (\$000's) (S.A.)		
	February (S.A.)			January-February			February (S.A.)			January-February			February		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Prince Edward Island	152	123	24%	114	105	9%	252	236	7%	455	344	32%	135.8	106.9	27%
Nova Scotia	911	782	16%	1212	1001	21%	1540	1452	6%	2757	2396	15%	163.8	160.3	2%
Newfoundland-Labrador	331	281	18%	352	273	29%	600	545	10%	1076	877	23%	138.6	134.3	3%
New Brunswick	576	524	10%	734	614	20%	1207	957	26%	2066	1503	37%	125.3	112.2	12%
Atlantic	1970	1710	15%	2412	1993	21%	3599	3190	13%	6354	5120	24%	146.5	137.9	6%

Source: Canadian Association of Real Estate

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S.A. : Seasonally Adjusted

Table 7
Employment
Atlantic Summary

Area	LABOUR FORCE (000's)						EMPLOYMENT (000's)						UNEMPLOYMENT RATE %		
	March (S.A.)			January-March			March (S.A.)			January-March			March (S.A.)		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Prince Edward Island	77.3	76.4	1%	74	73.1	1%	67.9	68.5	-1%	63.3	63.3	0%	12	10.3	17%
Nova Scotia	481	483.1	0%	468.7	474.6	-1%	443.7	442.3	0%	425.8	426.6	0%	7.8	8.4	-7%
Newfoundland-Labrador	251.6	254.2	-1%	239.7	239.8	0%	211.9	216	-2%	197.4	199.3	-1%	15.7	15	5%
New Brunswick	396.1	386.4	3%	381.9	373.6	2%	359.6	349.8	3%	342.9	333.4	3%	9.2	9.5	-3%
Atlantic	1206	1200	0.5%	1164	1161	0.3%	1083	1077	0.6%	1029.4	1022.6	0.7%	10.2	10.5	-3%

Source: Statistics Canada - Labour Force Survey
S.A. : Seasonally Adjusted

Table 8
Key Provincial Economic Indicators

Area	RETAIL SALES (Millions of Dollars)						BUILDING PERMITS (Millions of Dollars)						POPULATION (000's)		
	January (S.A.)			January			February (S.A.)			January-February			March		
	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg	2006	2005	% chg
Prince Edward Island	123	116.4	6%	94	88	6%	10.4	23.7	-56%	12	20	-40%	138.2	137.8	0.3%
Nova Scotia	937.5	833.8	12%	761	678	12%	97.6	61.6	58%	116	71	64%	937.0	938.3	-0.1%
Newfoundland-Labrador	512.5	487	5%	394	370	6%	50.1	32.5	54%	30	25	17%	514.4	517.3	-0.6%
New Brunswick	721.7	686.8	5%	581	551	5%	63.4	46.9	35%	97	37	161%	751.1	752.3	-0.2%
Atlantic	2295	2124	8%	1829	1686	8%	221.5	164.7	34%	254.5	152.9	66%	2340.7	2345.7	0%

Sources:
Statistics Canada - Monthly Retail Sales Survey
Statistics Canada - Monthly Building Permits Survey
Statistics Canada - Quarterly Population Survey
S.A. : Seasonally Adjusted

Table 9
Other Financial and Economic Indicators

INDICATOR	March			January-March		
	2006	2005	% chg	2006	2005	% chg
	2006	2005	% chg	2006	2005	% chg
Cdn Dollar Foreign Exchange (in U.S.)	0.86	0.82	5.4%	0.87	0.82	6.3%
Five Year Mortgage Rate (%)	6.45%	6.25%	3.2%	5.73%	5.60%	2.3%
Index of Consumer Attitudes, Atlantic (1991=100)	126.8	126.8	0.0%	122.7	126.2	-2.8%

Sources:
Bank of Canada
Conference Board of Canada Monthly Survey of Consumer Attitudes

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